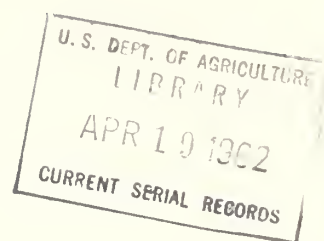


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Prospects for Foreign Trade in

COTTON

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
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PROSPECTS FOR FOREIGN TRADE IN COTTON

SUMMARY

The world cotton situation in 1961-62 is characterized by the continuation of three trends. There is again a remarkably close balance of total production and consumption at levels near the record highs of the past 2 years. There is also a further noticeable decrease in the volume of world trade and a continuation of the 2 year rising trend in world cotton prices.

The outlook for cotton over the next 2 or 3 years appears to favor continuation of world production and consumption near record levels. However, in view of the steady increase in mill consumption of cotton in many producing countries, it is quite possible that the volume of world trade in raw cotton may not keep pace with the uptrend in world consumption. Higher world prices for cotton will inevitably lead to increased foreign production, and little doubt exists that they will also accelerate increases in production of competing manmade fibers.

WORLD SITUATION, 1961-62

For the second successive year, world cotton trade is expected to decrease from the all-time high of 17.5 million bales (500 pounds gross weight) in 1959-60. This smaller volume of trade will be occasioned in part by a decline from last season's record volume of consumption by major Free World importing countries. In these countries, some decrease can be expected this season in raw cotton stocks, which were considerably larger at the beginning of the current season than a year earlier. On the other hand, pressure to export cotton this season in Mexico and Egypt, the two largest foreign Free World exporters, failed to materialize because of smaller crops. Export sales of U. S. cotton during the first half of the season fell substantially below a year ago as larger offerings of upland cotton from Central America, Brazil, and the Middle East, priced attractively in relation to U. S. cotton, were sold in volume.

Supply

Estimated world supply of cotton in 1961-62 of 67.8 million bales includes a decrease of about 100,000 bales in both total production and beginning stocks. This season's supply though slightly below the previous season's 68.0 million bales is within about 1 percent of the alltime high of 68.5 million bales in 1959-60 and above the average quantity of 67.1million available during the last 5 years. A 400,000 bale decrease in U. S. supply this season is partly offset by an increase of 200,000 elsewhere. This increase presages smaller world trade in 1961-62, assuming that (1) cotton consumption in Communist areas shows a decline nearly equal to the decline of 500,000 bales in their supply, and that (2) stock reductions will take place in importing countries if lower cotton prices are anticipated next season.

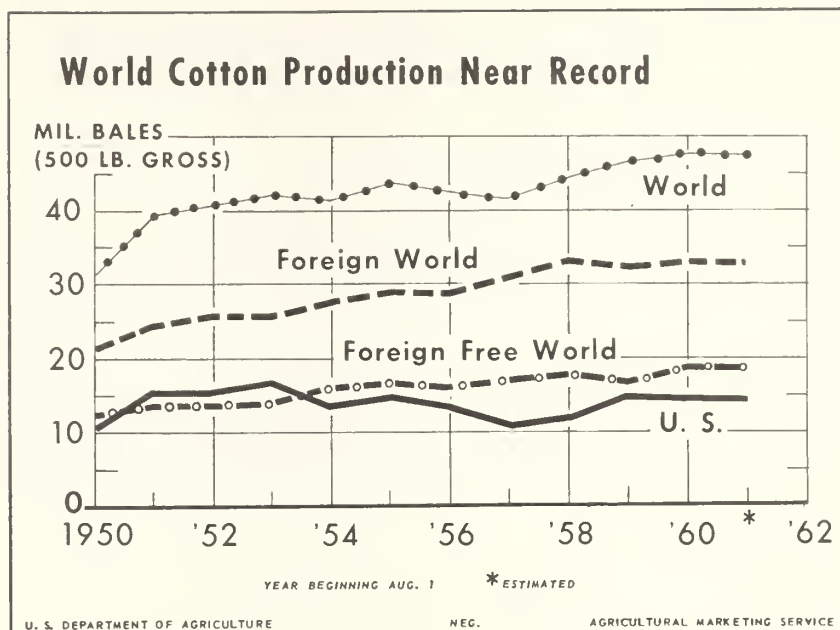
Although the total quantity of cotton available for export in countries other than the United States in 1961-62 will be up only slightly from a year earlier, significant changes are expected in certain countries. For example, larger beginning stocks in Egypt were substantially overbalanced by the smaller crop, resulting in early-season suspension of exports of Ashmouni cotton; a larger carryover and prospective crop in Sudan will noticeably increase that country's exportable supply; and Mexico's smaller beginning stocks and crop will mean less cotton for export. In the aggregate, therefore, the small increase in exportable supplies abroad in 1961-62 is not expected to seriously disrupt the relatively favorable overall supply-demand situation.

TABLE 1.--World cotton stocks, production, consumption, and exports, by area, 1956-61 ^{1/}

Item and area	1956	1957	1958	1959	1960 ^{2/}	1961 ^{3/}
	<i>Million bales⁴</i>	<i>Million bales⁴</i>	<i>Million bales⁴</i>	<i>Million bales⁴</i>	<i>Million bales⁴</i>	<i>Million bales⁴</i>
Beginning stocks:						
United States	14.5	11.3	8.7	8.9	7.6	7.2
Foreign Free World:						
Exporting countries	3.0	3.4	4.2	3.7	3.4	3.8
Importing countries ^{5/}	5.2	6.3	6.1	5.6	6.0	6.6
Communist countries	2.5	2.8	3.3	3.7	3.6	2.9
Foreign total	10.7	12.5	13.6	13.0	13.0	13.3
World total	25.2	23.8	22.3	21.9	20.6	20.5
Production:						
United States ^{6/}	13.0	10.9	11.4	14.6	14.4	14.4
Foreign Free World	15.9	16.9	17.5	16.6	19.1	18.8
Communist countries	13.0	13.7	15.4	15.4	13.9	14.1
Foreign total	28.9	30.6	32.9	32.0	33.0	32.9
World total	41.9	41.5	44.3	46.6	47.4	47.3
Consumption: ^{7/}						
United States	8.6	8.0	8.7	9.0	8.3	8.8
Foreign Free World:						
Exporting countries	4.3	4.5	4.8	5.2	5.4	5.4
Importing countries	16.6	15.9	15.4	16.8	17.5	17.3
Communist countries	13.4	14.6	16.0	16.9	16.2	15.8
Foreign total	34.3	35.0	36.2	38.9	39.1	38.5
World total	42.9	43.0	44.9	47.9	47.4	47.3
Exports:						
United States	7.6	5.7	2.8	7.2	6.6	5.5
Foreign Free World ^{8/}	6.8	6.9	8.7	8.1	8.5	8.7
Communist countries	1.5	1.5	2.0	2.1	1.7	1.6
Foreign total	8.3	8.4	10.7	10.2	10.2	10.3
World total	15.9	14.1	13.5	17.4	16.8	15.8
Exports, net, Free World to Communist7	1.3	1.2	1.3	1.6	1.5

1/ Year beginning August 1. 2/ Preliminary. 3/ Estimated. 4/ 500 pounds gross weight, except for U. S. cotton, which is running bales. 5/ Includes cotton afloat, in transit, and in free ports. 6/ In-season ginnings plus city crop and small allowance for adjusting balance where necessary. 7/ Includes cotton destroyed or unaccounted for. 8/ Includes small amounts re-exported.

Stocks.--Changes in cotton stocks in specified countries or areas at the beginning of the 1961-62 season were significant, although the world total at 20.5 million bales was only a little smaller than a year earlier. The U.S. carry-over, smaller for the fifth successive year, was 7.2 million bales -- down 400,000 from last year and less than half the alltime high of 14.5 million in 1956. In contrast, countries of the foreign Free World, began this season with stocks 1.0 million bales above the level of a year earlier, 600,000 of the buildup being in major consuming countries. However, total world stocks were at the lowest level since 1956 and represented only 44 percent of the forthcoming season's estimated consumption, compared with 59 percent in 1956.



Production.--With a prospective crop of about 47.3 million bales, the world cotton production picture in 1961-62 in the aggregate is little changed from a year ago. Although only slightly smaller than 1960-61 production of 47.4 million bales, this year's crop will exceed the 1956-60 average by 3.0 million bales, or 7 percent. World cotton acreage of 82.9 million is up 1.9 million acres from 1960-61, mostly in countries outside the United States, chiefly as a result of rising cotton prices and increasing governmental aids. However, the overall upward trend of recent years in per-acre yields is being reversed in 1961-62, mainly because of insects and unfavorable weather, cotton's perennial hazards.

Foreign production is off only slightly from 1960-61. An increase of around 200,000 in production of medium and long-staple (Upland) types abroad is more than offset by smaller crops of extra-long staple (Egyptian) and short-staple (Asiatic) types of cotton. Sizeable increases are in evidence in Brazil, Sudan, Spain, Greece, and several Middle Eastern and Central American countries. Major declines from last season's production took place in Egypt and India because of lower yields, and in Mexico because of acreage shifts to other crops.

The December estimate for the U. S. crop was 14.3 million bales, which, with the addition of rebaled samples and reclaimed cotton, placed total production at 14.4 million, the same as the 1960 crop. Acreage for harvest in 1961 at 15.7 million acres exceeded the 1960 acreage by 400,000, while the national yield, placed at 438 pounds of lint per acre, was 8 pounds below the 1960 yield. The largest increases from 1960, both in baleage and percentagewise, were in Texas, Mississippi, Arkansas, and North Carolina, with significant declines indicated in California, Alabama, Missouri, and Oklahoma.

Free World production in 1961-62 of extra-long staple cotton (1-3/8 inches and longer) will be smaller than a year earlier by over 200,000 bales, or 12 percent, mainly as a result of a decline of almost one-third in the Egyptian crop by reason of severe insect damage and floods. The total crop, at about 1.6 million bales, will be the smallest since the 1.5 million of 1956-57. Although this type of cotton comprises less than 3 percent of the world's total cotton output, it is grown in about a dozen countries and is of major importance in the foreign trade of several, particularly Egypt, Peru, and Sudan. The crop in Sudan is up 200,000 bales, offsetting some of the decline in Egypt. Production elsewhere is about unchanged. Despite the uncertain-

ties of both supply and demand, the outlook for extra-long staples could show some improvement by reason of the smaller crop, the rising world market prices (still somewhat below the "normal" relationship with Upland cotton), and a noticeable consumption increase in the United States resulting, at least in part, from successful promotion programs.

Distribution

Trade.--Estimated at about 15.8 million bales, world cotton exports in 1961-62 will decline by nearly 8 percent from the alltime record average of 17.1 million during the

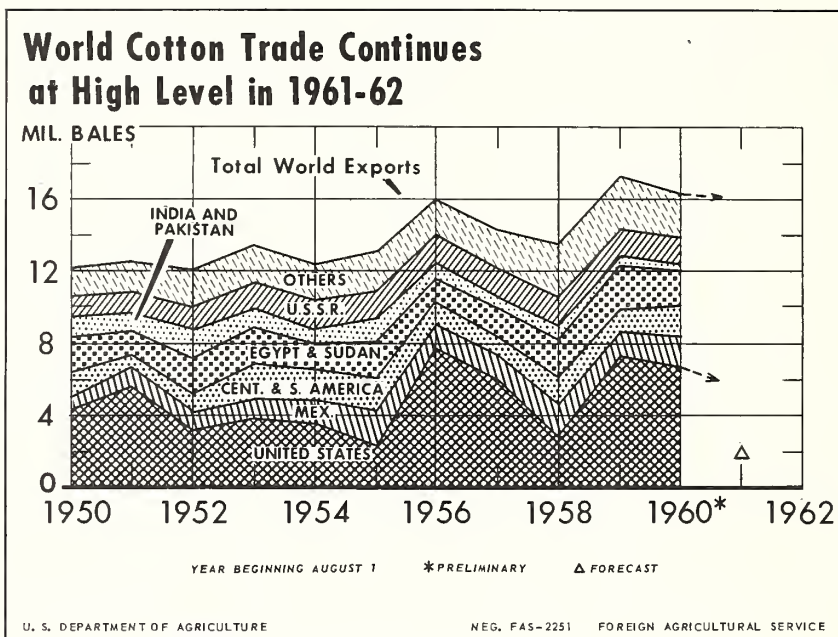
past 2 seasons. Even with this decrease, which is largely indicative of stock adjustments in consuming countries rather than a decline in consumption, the volume of trade this season will still be moderately above the 15.5 million-bale average of the last 5 years. Although raw cotton inventories in Free World importing countries were not considered excessive at the beginning of the current season, stocks could be drawn down as much as 500,000 bales in these countries, depending, of course, on anticipated supply-price factors in 1962-63.

U. S. exports, estimated (in November) at 5.5 million bales, will be down 1.1 million from a year ago and 500,000 below the average of the last 5 years. At this volume, U. S. exports would constitute 35 percent of world trade, which is the same percentage that has prevailed during the past 5 years.

Pressure to move surplus supplies from Mexico and Egypt, the two largest foreign exporters, was reduced this season because of smaller crops. However, U. S. shippers are faced with larger exportable supplies from other sources and with more intense price competition. Also, the changes that took place in the consumption and stocks of importing countries will adversely affect U. S. exports this marketing year. U. S. export registrations of 2.8 million bales through December 8 were below those of a comparable date in 1960 by more than 1.5 million bales, or 35 percent.

Lack of price stability in periods of readjustment encourages use of stocks and more caution in mill activity. Under the present price support and export payment programs, prices of U. S. cotton are continuing firm. However, unfavorable harvesting weather late in the season resulted in larger proportions of lower grades in late ginnings. These grades have constituted a sizable proportion of the demand for U. S. cotton for export. Because importers have limited cotton purchases to nearby needs during a period of adjustment characterized by large inventories of cotton and cotton goods, slackened demand for textiles, and rising cotton prices, the volume of world trade during the second half of the current season probably will be more than normally influenced by supply prospects for the 1962-63 season and by U. S. policy and program announcements.

Prospects for trade in cotton between the foreign Free World and Communist countries in 1961-62 are somewhat uncertain and depend largely on policies with respect to the volume of consumption, especially in Red China. As a whole, the supply of cotton in Communist countries this season appears to be about 500,000 bales smaller than a year ago. Since Communist countries tend to reduce consumption in years of smaller crops, net imports from the Free



World in 1961-62 probably will not change significantly from the 1.6 million bales reported for 1960-61.

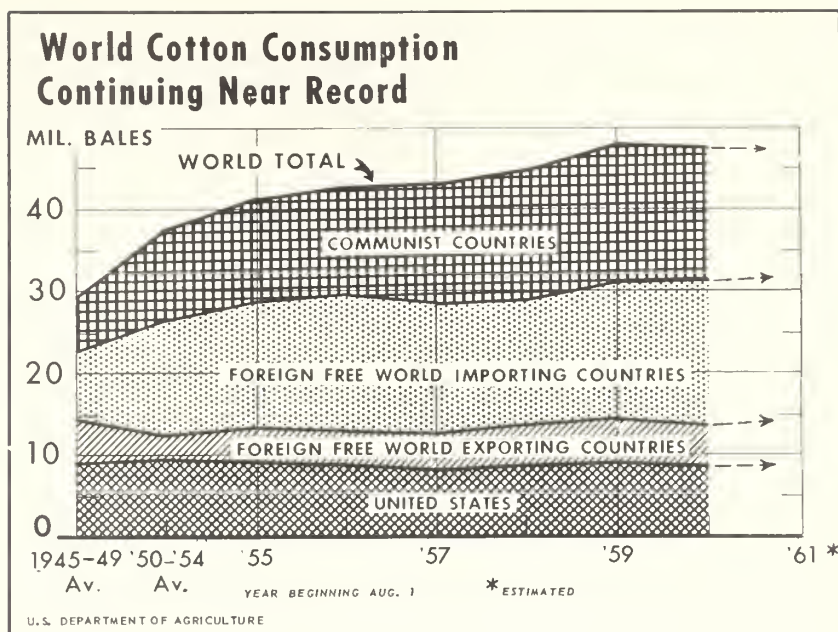
Consumption.-- The striking increase in cotton consumption outside the United States to continuous record levels during recent years is one of the most outstanding features of the world cotton situation since World War II. This growth took place in spite of an increase in world production of man-made fibers from the cotton equivalent of 8.8 million bales in 1950 to 17.8 million in 1960.

Prior to 1950, major cotton-importing countries showed the greatest consumption increases. This fact is due in large part to the basic importance of the textile industry in the reconstruction period. Between 1952 and 1959, however, the proportionate rise in cotton use was most noticeable in cotton-producing countries striving for self-sufficiency in textiles. Since 1959, both the rate and the volume of the increase in cotton consumption have again been greatest in importing countries. Continuous improvement in general economic conditions as well as plentiful supplies of raw material available at lower prices strengthened textile demand both for domestic use and for export. The volume of cotton consumed in the Communist countries increased each postwar year to 1959-60, when a consumption of about 16.9 million bales exceeded the average of the 5-years 1950-54 by around 5.9 million bales, or over 50 percent.

In the 1961-62 season, prospects appear favorable for world cotton consumption to total about 47.3 million bales, which is well above the record high average of the past 3 seasons and less than 2 percent below the record high of 47.9 million in 1959-60. A decline in total consumption abroad of about 600,000 bales from last season, to occur in both Free World importing countries and the Communist areas, will be compensated for almost wholly by an increase in U. S. consumption.

In the major importing countries as a group, indications point to a small decline from the record consumption of 17.5 million bales in 1960-61. Mill use in Japan is not expected to reach last season's 23-year record of 3.2 million bales because of rising textile inventories and increased competition for overseas markets. However, activity in that country will continue to be bolstered by the favorable economic situation notwithstanding the recent increase in curtailment of cotton spinning facilities from 15 to 25 percent. Because the plus and minus factors in consumption differ among the largest user countries of Western Europe, only relatively minor changes in world cotton consumption are indicated this season, with the total textile output likely to be no larger, perhaps even somewhat smaller, than in 1960-61. The unfavorable factors include some buildups in textile inventories, easing of forward orders, and uncertainty with respect to textile exports. On the favorable side, the continuing strength of the economic situation promises encouragement in consumer purchasing; such problems as prospective higher prices and some shifts in the pattern of foreign trade in textiles will be offset, in part at least, by the opportunity to use some of the comparatively large beginning stocks of lower-priced cotton.

There are several indications that in 1961-62 the steady upward trend of cotton consumption which took the total to 5.4 million bales in the Free World surplus-producing countries



abroad last season may be less evident. Influences slowing the trend include political changes and price-cost rises in Brazil; slackened consumer demand and higher cotton prices in Mexico; smaller textile exports from Pakistan following removal of yarn export bonuses; and a shorter crop and tightness in supplies of the quantities of cotton mostly consumed in Egypt. On the other hand, a number of cotton-exporting countries are continuing to employ measures, including government assistance, which are designed to meet the expanding domestic requirements for textiles that are resulting from rising standards of living. In addition,

several of these countries will continue to seek expansion of textile exports to provide employment and needed foreign exchange as well as a market for their larger crops of cotton.

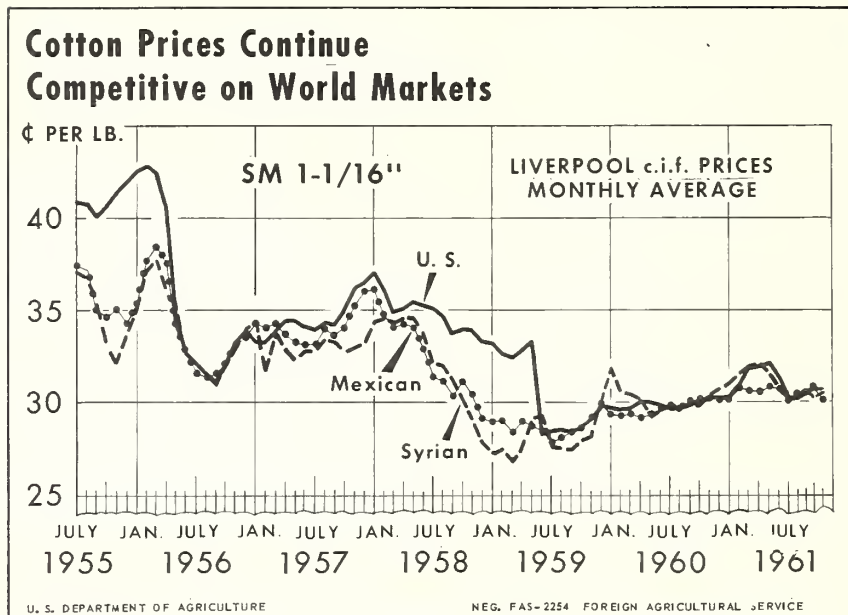
Indications point to an increase of about 500,000 bales in cotton consumption by U. S. mills over the 8.3 million of 1960-61. This upturn, reaching a point about 3 percent above the average of the last 5 years, results largely from expansion in general economic activity and from comparatively smaller stocks of cotton goods in commercial channels.

The significant reversal in 1960-61 of the sharp upward trend in cotton consumption in Communist countries appears to be continuing this season. The decline, which may aggregate 400,000 bales from last season's total of 16.2 million, apparently results in Mainland China from cotton and food-crop shortages and a need to conserve foreign exchange, and in the Soviet Union from smaller cotton supplies. Consumption in the other Communist countries may hold close to last year's level.

Price Movements

Prices of most growths of Upland cotton in world import markets have trended upward since the longtime lows of mid-1959, as world consumption, at or close to record levels, continued to equal or exceed production and world cotton stocks declined for the fifth successive year. During the fall of 1961, average prices in import markets were around 28.80 cents per pound for all growths of Middling 1-inch and equivalent qualities, higher than in 1959 by about 3.5 cents per pound or 13 percent. Although stocks of cotton in importing countries at the beginning of the 1961-62 season were considerably larger than a year earlier, mill buying for late fall and winter requirements was active, centering on these lower priced growths, with interest in U. S. cotton limited largely to lower grades.

Probably the most important of the price-strengthening influences has been the continuing close balance of world cotton production and consumption during the past 2 seasons, accompanied by a 5-year reduction in world stocks aggregating 4.7 million bales, or 19 percent. Included also are the higher export prices of U. S. cotton and significantly smaller 1961 crops in both Mexico and Egypt, the two largest cotton exporters outside the United States. Other developments adding strength to the cotton market over the past two years were the considerable rebuilding of stocks in major importing countries, abnormally large imports by India last season



because of a very short crop in 1959, and increased imports by Communist countries following the poor crops in China and the Soviet Union in 1960.

In October 1961, average U. S. spot market prices for Middling 1-inch cotton of around 33.60 cents per pound were about 3.40 cents above a year earlier, the highest level since the June 1958 price of 34.52 cents. Prices to farmers were moderately above loan levels for higher grades and 1.50 to 2.00 cents per pound above loan values for lower grades.

There were two major reasons for the higher export prices of U. S. cotton. First, the price support level for 1961-crop cotton is 33.04 cents per pound (Middling 1-inch quality), 62 points (0.62 cent) above the Commodity Credit Corporation purchase rate from "Choice A" producers in 1960. Secondly, this price support level is 3.75 cents per pound above the initial 1960-61 CCC minimum sales price. However, raising the initial export rate to 8.5 cents per pound in 1961-62 from 6.0 cents in 1960-61 prevented a corresponding increase in export prices. The dominant influence on market prices in 1961-62 is the support level, instead of the CCC minimum sales price as in 1960-61.

With minor exceptions involving credit sales, the CCC minimum sales price for unrestricted use in 1961-62 is 115 percent of the support price, or 38.00 cents per pound (Middling 1-inch quality).

Competitive pricing of U. S. cotton for export in the past 5 years has promoted consumption increases abroad, restored market confidence, influenced needed supply-demand adjustments, and aided cotton's position with respect to competing manmade fibers.

Import market prices of Egyptian and Peruvian extra-long staple cottons, which began to strengthen even before the full extent of the drop in the 1961 Egyptian crop became known, are trending sharply upward and are nearing the levels of late 1959. However, at around 44.30 cents per pound c.i.f. Europe for Karnak Fully Good and equivalent qualities, these prices are still somewhat below the "normal" relationship with Upland cotton. Whether additional Egyptian Government controls over export selling prices will stabilize the market in the face of a sharply reduced crop in that country remains to be seen. Although the prices for American-Egyptian cotton under support are not competitive with those of other growths in domestic or export markets, domestic consumption of this specialty-type cotton is increasing. Grower-financed promotion programs have undoubtedly contributed to increased domestic consumption.

FACTORS IN THE LONG-RANGE U. S. OUTLOOK

The level of cotton exports from the United States in any given year has a large number of interrelated causes, some dealt with here by assumption, others by projection of trends. Should the long-range outlook be as anticipated, it would mean a level of cotton exports from the United States that would compare favorably with those of the last 5 years.

This part of the report deals mainly with economic conditions in foreign countries. However, the meeting of certain requirements in the United States can influence opportunities to create and maintain export markets for U. S. cotton. Among these are (1) reliable supplies of the qualities of cotton demanded in world markets, (2) sound marketing practices, (3) research and sales promotion to help cotton forge ahead despite the keenest competition from manmade fibers, (4) policies that enable would-be customers for cotton to obtain the foreign exchange necessary for its purchase, and (5) prices that make U. S. cotton competitive in relation to other growths and materials.

Foreign Production

In any particular year physical environment is an extremely important influence on cotton production, so that estimates for any specific future year can only be approximations based on general trends. However, estimates of the general trend of production, based on myriad current indicators, can be considered reasonably realistic.

A forward look at world cotton production prospects shows little or no change in the circumstances responsible for the steady rise in production outside the United States during

recent years. Financial incentives sponsored or underwritten by governments for the purpose of raising production to the level of domestic mill requirements are continuing in many countries. These inducements also take the form of broader economic development schemes emphasizing cotton production for export as a means of earning foreign exchange credits. Additionally, total consumption of cotton appears likely to continue at or close to the record levels of the last two years as general economic conditions improve in both producing and consuming countries. A continuation of the rising trend since mid-1959 of Upland cotton prices in world markets would also stimulate production in many countries.

Furthermore, foreign countries are experiencing rising incomes and levels of living which create an overall climate for expanding production as well as consumption of cotton and/or cotton textiles. In many countries agricultural production, long neglected, is coming to the fore in development plans; and there is more official and private action to encourage farm production as a base for an expanding economy. More adequate credit, production research, expanded transportation facilities, development and expansion of irrigation facilities, and the development of extension services are but a few of the problems receiving more attention today.

This is not to convey the impression that the world is on the brink of a dramatic upsurge in cotton yields such as occurred in the United States in recent years. Easily introduced cultural practices, such as the use of improved varieties, can spread rapidly and can have a significant influence on yields; but many of the improved practices are based on the use of mechanical equipment, and in many producing areas these practices will be adopted slowly, if at all. Mechanization will be a long time coming in most of the less developed producing countries, not only because resources to purchase equipment are lacking, but because many farms are too small to justify the investment needed. Also, land selection--the use of high-yielding land for cotton as a result of acreage restrictions--which undoubtedly had an important part in the sharp upswing in U. S. yields, cannot be expected to exert a similar influence on yields abroad, since foreign governments are not expected to restrict acreage. Some countries may improve yields significantly--and here expansion of irrigated areas may be important--while others may have difficulty even in maintaining them. And while the general uptrend in acreage and yields should continue, increasing consumption may tend to offset the effect of larger foreign production on the U. S. cotton export market.

Foreign Consumption

Foreign consumption of cotton has trended sharply upward in recent years, and many indicators point to a continuation of this uptrend for the next several years. In most parts of the world, economies continue to expand, with resulting higher incomes and rising standards of living. And, as levels of living improve, cotton consumption increases. Assuming a continuation of present rates of economic growth coupled with a fast-growing world population, the outlook for foreign cotton consumption over the next few years is good.

The pattern of raw cotton consumption in foreign countries has experienced a rapid change since World War II. Governments of less developed countries have encouraged either new textile industries or the expansion of existing facilities. Consequently, some established textile-producing countries, traditional suppliers of much of the textiles entering world trade, are having difficulty maintaining their historic share of raw cotton consumption even with rising total world use. Textiles offer an attractive established market in most countries and, especially in less developed areas, a chance for rapid expansion of existing markets. Many countries which 10 years ago did not produce textiles or produced only small quantities now have capacity to produce in excess of local demand.

Several countries are continuing to expand textile capacity in anticipation of increased domestic demand and, in some cases, larger exports. And some less developed countries have multiyear programs for economic expansion which include a larger cotton textile capacity. India, for example, plans by 1966 to increase spindle numbers by 20 to 30 percent from the 14 million now in place, and to increase cotton consumption accordingly. Although India's Five Year Plan also calls for an increase in cotton production large enough to offset the increased requirements, experience has shown that textile capacity is more easily expanded than cotton production because there are fewer uncontrollable factors in industry than in agriculture. Thus, if the goal is achieved in textile capacity, import needs for cotton in

India could be maintained or even expanded. A similar situation, although on a smaller scale, exists for several other countries, particularly in Asia and Africa.

Small to moderate increases in cotton textile consumption can be expected in the more developed countries, but whether or not raw cotton consumption increases will depend on the ability of these countries to compete with countries now developing textile export industries.

Efforts are now being made on a multilateral basis to deal with this widely recognized textile problem. The aim of the negotiations is to permit orderly expansion of world textile trade without disrupting domestic textile markets. Involved are likely to be some trade liberalization by countries having more restrictive policies and the imposition of some restrictions by countries previously granting liberal treatment to imports. It is expected that, because of increasing cotton textile consumption, growing export opportunities will exist, and that this goal can be achieved without excessive interference with domestic textile industries. Achievement of successful trade arrangements, then, will increase the need for raw cotton; and if foreign production climbs as indicated in this analysis, the growth in consumption may result in an improved export demand for U. S. cotton to fill at least a part of the larger need.

Competition from Manmade Fibers

The expansion of manmade fiber production facilities in the world continues unabated. Although the expansion of rayon filament and rayon staple facilities in the world has slowed, some Communist Bloc countries, some South American countries, and India are still rapidly expanding their facilities. The construction of facilities for the production of noncellulosics continues at a phenomenal rate, particularly in the more advanced textile producing countries. In 1953, world production capacity for noncellulosic staple and filament totaled just over 600 million pounds; at the close of 1960 it reached just under 2 billion pounds, and it has been forecast at 3.5 billion pounds by March of 1962. If projected plans materialize, noncellulosics will be 22 percent as large as cellulosic production capacity by 1962, compared to 11 percent in 1953.

All manmade textile fibers replace cotton to some extent, but rayon staple fiber has in the past made the most serious inroads into cotton's markets from a price and end-use standpoint. Cotton has also lost large markets, particularly the tire cord market in some countries, to rayon filament. Noncellulosic fibers and filaments have generally been relatively higher in price, but this initial cost disadvantage is partly offset by greater covering ability and cost disadvantage is partly offset by greater covering ability and longer wear per pound than for either cotton or rayon staple. Noncellulosics have been developed, however, that are both lower in cost and more adaptable to spinning on the cotton spinning system than the earliest type. There can be little doubt, therefore, that the expansion in the noncellulosic field eventually means more competition for cotton in foreign countries in a greater number of end-use markets. New noncellulosics are being manufactured to possess specific quality characteristics, such as bulkiness, high tensile strength, stretch, and low density. Cotton is meeting this challenge by research into treatments and processing techniques that can produce yarns and fabrics of new and interesting quality characteristics. Adoption of these treatments and processing techniques on a wide-spread commercial scale should strengthen cotton's competitive position.

Japan, the largest single foreign market for U. S. raw cotton, has already acquired capacity to produce around a third of a billion pounds of noncellulosics and is expected to expand another 40 percent by March of 1962. Japan has thus become the largest single producer of noncellulosic fibers outside the United States, and by this means is attempting to lessen its dependency upon foreign sources for raw materials for one of its most important industries. Other major producers of noncellulosics are in Europe---France, West Germany, Italy, the Netherlands, and the United Kingdom. These countries, which also represent important outlets for U. S. cotton, are planning further expansion of production facilities for noncellulosic fibers. Belgium, Spain, and Switzerland, whose production has been small in comparison to the others, are beginning to expand capacity rapidly. New facilities are also being planned for Communist Bloc countries, as well as a number of countries in the British Commonwealth and Latin America.

In some countries that are associated with an economic union, there is a tendency to build plants with sufficient capacity to serve a larger market than that existing or likely to exist within the country in which the plant is located. This reduces each country's need for self-sufficiency in each of the many types of noncellulosic textile fibers. Of course, in most instances the first noncellulosic fiber to be produced in a country is nylon, since it has application in many end-uses. Noncellulosics--such as acrylics and polyesters--with more restricted end-use markets will probably continue to be imported for some time into all but the most highly developed textile producing countries.

Consumption of various noncellulosics is expanding in practically all countries with well-developed textile industries. Countries with less developed textile industries that are scheduled to begin production of noncellulosics are also expected to increase their consumption, since they will no longer be dependent upon foreign sources for these commodities. Countries associated with an economic union in which noncellulosic production facilities are located will probably also increase their consumption as noncellulosic textile fibers and products move freely within the economic union.

International Economic Integration

Several groups of countries have formed trading unions--the European Economic Community, the European Free Trade Association, and the Latin American Free Trade Association are examples. Since the EEC, or Common Market as it is often called, is the most fully developed, it is now possible to examine more fully some of its implications for U. S. cotton.

The six countries originally comprising the Common Market are France, West Germany, Italy, the Netherlands, Belgium, and Luxembourg. These countries are traditionally important producers of cotton textiles. Through the years, their industries have had the two fold job of supplying textiles for their own population of about 170 million people and large quantities for export. The cotton textile industry is one of the largest employers of industrial labor, and it is important politically as well as economically.

The Common Market countries consumed an annual average of 4.4 million bales of cotton during the 5 crop years 1955-59. Of this quantity only 45,000 bales were produced in Common Market countries, and an additional 300,000 to 400,000 bales were obtained from associated overseas areas that will be accorded preferential treatment under the EEC. Since about 90 percent of the European Economic Community's raw cotton requirements come from outside sources, it is not surprising that raw cotton is accorded duty-free status. Italy, the only country imposing a tariff, is gradually reducing it to zero.

During the 1955-59 period, the United States supplied Common Market countries about 35 percent of their cotton requirements--an average of 1.6 million bales per year. This represents about 30 percent of total U. S. exports of cotton. It is evident that a high degree of mutual interdependence exists between the United States and the EEC insofar as raw cotton is concerned.

It is generally believed that the economies of the countries joined together in the EEC will show a faster rate of growth than would have been the case had they not formed the union. Since this is expected to be reflected in higher per capita real income, the "home market" for cotton textiles should grow at a faster rate than would otherwise occur. Something else that promises to brighten the future for the cotton textile industry in the EEC areas is the market development work that has been underway in these countries for several years. This work is financed in part with local currencies derived from the sale of surplus agricultural products under Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954). The market development work has now been underway long enough and gained sufficient momentum to increase the likelihood that cotton will share prominently in the higher demand potential generated by the rising real income in the Common Market countries. The present trend to increased efficiency in merchandising that already appears to be stretching the consumer's purchasing power will probably be accelerated, with consequent benefits to cotton textile sales. Then, of course, the challenge of the greatly expanded home market is expected to be an incentive for greater sales efforts by many efficient firms.

Despite these bases for optimism concerning the market for cotton in the Common Market area, some developments there must be carefully watched lest they prove unfavorable for U.S.

exports of cotton. Manmade fibers are produced in large volume in the Common Market area, and any arbitrary steps taken to alter the competitive relationship among fibers in a manner that is adverse to cotton would require the attention of cotton exporting countries. Similarly, these countries would strongly object to the granting of any special advantages to cotton producers in countries associated with the Common Market.

Other important aspects of cotton in the Common Market also remain undetermined. One relates to the efficiency of the EEC cotton textile industry compared with other phases of the area's economy. Another concerns the Common Market's imports of cotton textiles from low-cost sources--especially in Asia. The cotton textile industry in Common Market countries can grow and prosper only as it provides both larger per capita supplies of textiles for a growing domestic population and exports of textiles to its traditional foreign markets. Even if some markets tend to gravitate to lower cost suppliers, a strong demand for U. S. cotton exports could still exist, even though a growing share might be outside the Common Market area. Naturally the United States stands to benefit most from the growth of cotton textile industries for which the United States is an important supplier of raw cotton. Nevertheless, the expanding market for cotton textiles that appears attainable in the Common Market area will be a contribution toward a rising world consumption and an improved export outlook for U. S. cotton.

Other Actions of Foreign Governments

Trade Agreements.--There has been an unprecedented number of bilateral and multilateral international negotiations on cotton textile problems during the past year or so.

One of the most important of these was the so-called Geneva conferences. At the request of the United States, the General Agreement on Tariffs and Trade called a conference of leading Free World textile importing and exporting nations to work out some cooperative and constructive action relating to world trade in textiles. This was precipitated by the market disruption in some of the more developed countries, including the United States, created by the large volume of imports from countries that had recently become important suppliers on the world market. Short-term arrangements were agreed upon which were designed to increase access to markets where imports are at present restricted, maintain orderly access to markets where imports are not restricted, and secure from exporting countries, where necessary, a measure of restraint in their export policy so as to avoid disruptive effects in import markets. A Cotton Textile Committee was established and charged with the responsibility of making recommendation by April 30, 1962, on a long-term solution to the problem of cotton textile imports, based on the guiding principles of the agreement.

The effects of these arrangements upon foreign cotton sales by the United States remain to be seen. Some of the suppliers of cotton textiles that might be subject to restraint under the terms of the agreement are relatively large users of U. S. cotton. On the other hand, some countries, such as Spain, Portugal, and India, use relatively small quantities of U. S. cotton, and others, such as Egypt, use none. If a reasonable share of the exportable production of these newer world textile suppliers can be absorbed by markets that have been practically closed to them and by their own increased domestic consumption, the adverse effects to exports of U. S. cotton may be lessened. Bilateral trading arrangements were also concluded between Japan and the United States, and the United Kingdom also reached new agreements with three major Commonwealth suppliers--Hong Kong, India, and Pakistan--on their cotton textile shipments to the British market. In each of these bilateral agreements, provision was made for increased trade in cotton textiles.

Liberalization of Cotton Imports by Japan.--The liberalization of raw cotton imports by Japan in April 1961 caused practically no change in raw cotton trade, since most of the adjustments for this action were made by the cotton industry of Japan late in 1960. Cotton spindles continue to be operated under government orders at reduced capacity in order to avoid overproduction and the price problems that oversupply would bring.

Tariffs.--During recent years, some deficit cotton-producing countries have tried to protect their support prices by increased tariffs on raw cotton. Some of these tariffs are not operative after the local crop is committed.

Argentina continues in effect the concessions granted Peruvian cotton in a "neighboring countries" trade agreement by which Peruvian long-staple and extra-long-staple cotton is exempt from the 40-percent surcharge on imports. Thus, U. S. and other foreign growths are effectively barred from the Argentine market.

Modernization of Cotton Textile Industries.--A number of countries have moved forward with government programs for the modernization of their textile industry. Three that have attracted considerable attention are the United Kingdom, Spain, and Argentina. The redundancy scheme of the United Kingdom, whereby textile manufacturers were paid by the government for scrapping machinery, reduced spindles from almost 20 million a few years ago to just over 14 million, reduced looms from about 260,000 to 155,000, and will probably reduce finishing equipment by better than 20 percent. The reequipment phase of this modernization scheme seems to be moving slowly in view of the uncertain outcome of renewed industry attempts to obtain additional protection from imports. The new bilateral arrangements between the United Kingdom and Hong Kong, India, and Pakistan all provided increased access to the British market, thus contributing to the industry's lack of confidence in pursuing reequipment. The possible impact of their country's admittance to the Common Market is also an unknown which has added to the uncertainty of textile producers in the United Kingdom.

Late in 1960, a Spanish Government decree was issued to assist in the reorganization of the cotton textile industry by means of government financial assistance to eliminate obsolete machinery, modernize existing plants, and concentrate productive capacity into more economic units. Other provisions governed the granting of credits and exemption from certain taxes in carrying out the reorganization scheme. The implementation of these broad outlines has been slow.

Argentina, although it has no overall reorganization plan for the textile industry, has taken a number of steps in preparation for participation in the Latin American Free Trade Association. The 150-percent surcharge upon the import of textile machinery has been reduced to 40 percent (some few highly automatic looms have been and will continue to be free of surcharge); the sales tax was eliminated on domestically produced machinery; and the Industrial Bank has adopted a special credit program for the financing of domestically manufactured textile machinery. In addition, the Argentine industry has been assisted by Export-Import Bank "exporter credits", running from 3 to 5 years, for the purchase of U. S. textile machinery.

Cotton Production Incentives.--Government policy in most cotton-producing countries is designed to expand cotton production, and several countries through the years, have sustained action programs to further these policies. Cotton-production incentive schemes figure prominently in a number of future development plans of several countries.

The Greek government began in 1960 to pay a subsidy for cotton production--\$10.67 per acre to farmers on irrigated land and \$6.67 to farmers on nonirrigated land. This subsidy--designed to increase exports--was continued in 1961 and probably will be maintained, at least until the desired goal of 570,000 acres is reached. In 1961 acreage totaled 469,000, 13 percent above the 409,000 acres planted in 1960, which in its turn had been 25 percent above that of 1959. Further, the Greek Agricultural Bank has been authorized to make medium-term loans at a low 2-percent interest rate for developing irrigation facilities (medium-term loans made by the Bank normally carry 7-percent interest).

South Korea began an official price support program for seed cotton and ginned cotton in 1961. The government will purchase the entire crop at set prices and then resell to domestic mills. The ultimate goal of the program is to achieve self-sufficiency in raw cotton. Korean imports in recent years have averaged over 200,000 bales annually and production less than 40,000 bales. Prior to World War II, an undivided Korea, with encouragement from the Japanese, produced an average of 198,000 bales of cotton annually.

In mid-1961 the Portuguese Government revised the official purchasing system for cotton in its African affiliates. This action was reportedly taken to raise prices to growers and to encourage larger cotton crops. It could prove to be an effective incentive, even though, under another decree, local officials are now prohibited from forcing farmers to plant cotton.

The Egyptian Government continued to expand its control over the cotton industry in 1961. All cotton now exported must move through the Egyptian Cotton Commission, an official

agency. Cotton to be exported by established cotton shipping firms rather than by the ECC must be sold by the exporter to the ECC at official prices, after which it is immediately resold to the exporter at substantially lower prices. Some of the money to finance this export subsidy is obtained by charging higher than official prices to local textile mills. To keep exported textiles at competitive prices an export equalization fee is paid to textile exporters.

The Government of Peru continues its efforts to provide additional supplies of irrigation water to farmers. In the Department (State) of Ica, about 24,000 acres of land previously dependent upon rainfall have become potentially irrigated land by the completion of a project in 1961, and additional new or reclaimed land may be irrigated from this same project. Statistics indicate that should the present ratio of land in cotton compared with other crops continue, then at least 60 percent of the newly irrigated land probably will be planted in cotton. The Quiroz River new-land project in northern Peru--the dam for which was completed several years earlier--finally began to develop in 1961. Division of the land and movement of farmers into the area began about mid-year. Much of this new land is expected to be put into cotton. The effect of the dam has already been felt in the recent pronounced expansion of Pima cotton production, made possible by the increased supply of water in the Piura River. The new land development, however, will reduce once again the water supply in the Piura Valley.

DEVELOPING MARKETS ABROAD FOR U.S. COTTON

Expanding General Consumer Demand

Hard-hitting, aggressive market development programs for cotton are producing results in 16 important cotton-consuming countries. This is being accomplished through the cooperation of the U. S. Government with private industry, as expressed in the consumer efforts of USDA's Foreign Agricultural Service (FAS), the Cotton Council International (CCI), and cotton trade groups and interests abroad.

These programs are tripartite arrangements: CCI and the cooperating foreign industry group pay at least one-half of the cost, and FAS pays the other half with foreign currencies generated by the sale of surplus agricultural commodities under provision of P. L. 480.

The 16 program countries during 1961 were Austria, Belgium, Colombia, Denmark, Finland, France, Germany, India, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom. These include most of the major cotton-importing countries of the Free World. Total cotton consumption in these countries last year was over 14.5 million bales.

The purpose of this cooperative work is to increase the use of cotton products throughout the world by expanding consumer demand for cotton textiles. The U. S. expects to share in this increased demand.

Demand expansion has been attempted by three-phase programs in most cooperating countries. The three phases are market research, sales promotion, and public relations.

Market research in the cooperating countries provides the base on which successful promotion programs for cotton are built. The cooperators study the varied aspects of cotton's markets: who buys what and how much, and even why people do or do not buy cotton. There are now approximately 50 market research projects in various stages of completion as part of cooperative programs in the 16 foreign program countries.

After market research has pointed out fertile areas for cotton promotion, promotion specialists capitalize on these research results in order to to an effective job of promotion.

Cotton consumption in Western Europe and Japan has increased both in absolute quantities and in relation to that of other fibers, especially since 1957. Of the elements involved in this increase, cotton market development is certainly one; others are higher incomes and levels of living, improvement of cotton's end-use qualities, more competitive cotton prices, and the liberalization of cotton imports. Although it is extremely difficult, if not impossible, to measure the success of the market development programs in such terms as increased per capita consumption, their effectiveness is not doubted by critical observers.

A large number of the cooperating foreign industry organizations have most of the elements of the basic three-phase program, and some have special additional features. Basic features

consist of varying forms of cotton news and photo services, an educational program for schools, a loan library for films and other audio-visual materials, an industry bulletin, regular contacts with fashion designers and leaders, seasonal fashion shows with news and photo coverage, and fashion advertising. Not to be overlooked are general consumer advertising for products other than fashion, trade publication advertising, sales training for retail clerks, and such complete retailer promotions as Cotton Week, Spring White Sales, and Back-to-School campaigns.



This display, praising cotton for wear at any hour, was part of a Back-to-School show put on by the Italian Cotton Committee.

Many of the foreign cooperative cotton groups are now branching out and developing new approaches and techniques of promotion, including features especially useful in their particular country. In 1961 and coming years, more specialized projects are being worked into the basic program as circumstances permit. Examples are awards to fashion and textile designers; campaigns on men's wear, work clothes, and children's wear; winter cotton promotion; home economic instruction; home sewing contests; household fabrics promotions; and consumer preference surveys.

A better understanding of the programs objectives and achievements is afforded by highlights of some of the activities in various countries during 1961. These illustrations, while by no means complete, are typical of the work that is underway and indicate its broad scope.

Aids to the Fashion World.--Full-time fashion specialists work directly with the top designers in Paris, London, and other centers. The Italian Cotton Committee gives a "Cotton Oscar" to designers doing outstanding work in cotton. The Japan Cotton Institute sends a color photo chart each month to Japanese apparel designers to demonstrate cotton's fashion acceptance. The Spanish Cotton Textile Service mailed booklets of fashion guides this summer to every custom dressmaker in the country, a level below the top fashion designers. Altogether, more than 133,000 brochures were mailed.

Belgium uses its Cotton Princess, counterpart of the U. S. Maid of Cotton, to help maintain contact with designers. Her wardrobe this year included 39 all-cotton garments from 17 top Belgian designers.

Fashion shows are the colorful ambassadors that tell select audiences of style-conscious women and fashion editors about the designer's choice of cotton. Printed media reach many more thousands of women than the live fashion shows. Fashion news services offer news and photos to the leading women's and fashion editors.

Aids to Manufacturers.--Special advertisements stressing cotton's qualities--such as comfort, versatility, and beauty--are published in the trade press read by manufacturers. When ready-to-wear manufacturers are the target, the emphasis shifts to garments: dresses and blouses in France, work clothes in Belgium, sport shirts in Austria, and so on.

The Japan Cotton Institute has for the past 2 years successfully arranged basic color campaigns that enable manufacturers to concentrate their production on key color combinations promoted to the entire domestic market. The result has been tremendous savings through improved efficiency and greater sales through nationwide consumer impact.

Millions of cotton emblems were distributed to German manufacturers last year to identify their cotton products and to tie in with the Cotton Institute's promotional campaigns using the same emblem. This idea has spread to at least six other countries.

Spain encourages its manufacturers to produce better cotton products by wide distribution of market research studies proving the importance of easy-care finishes.

The payoff for cotton comes in many forms. Manufacturers put out and promote entire new lines of merchandise, such as winter cottons in Sweden and Finland. Special garments for the fast-growing teen-age markets were introduced in Germany and other countries. More company advertising appears for cotton textiles, much of it by firms that never did any advertising before. And the advertisements emphasize cotton and its qualities because these firms have found that this emphasis helps sell their products.

Aids to Retailers.--Cooperators use all the techniques of modern promotion to reach retailers. Publicity is created by the news services in the special magazines read by retailers. Editorial space is frequently devoted to news about cotton in retail publications. Strategically placed advertisements in these publications also help tell cotton's success story. A typical series would point out cotton's share of leading markets.

Attractive booklets in every cooperating country emphasize cotton's selling points to retailers, and tell the store owners and operators how to take advantage of them. This year thousands of booklets have been put into the hands of progressive retail executives around the world.

Sales training classes for clerks are just as successful abroad as in the United States. In the first half of 1961 alone, such classes made at least 4,766 clerks in Europe better salesmen for cotton.

Informing the Public.--At every level of the program, the effort is supported by top-flight advertising campaigns. The general public has been reached not only through the printed word but over the air. Radio news services have carried a great deal of cotton news, and our cooperators have made a big effort to put cotton on television. This means straight news items or distinguished feature stories, for most European countries do not allow paid advertising on television. Nonetheless, there have been numerous cotton telecasts in Europe this year.

Theater newsreels have helped considerably. Cotton news items were shown last year for weeks at a time in thousands of theaters in Italy, Spain, and Germany, as a public service without charge.

Promoting U. S. Cotton

Although the cooperative, tripartite arrangement between FAS, CCI, and foreign groups--the major effort in the area of market development--is necessarily directed at the expansion of demand for all cotton products, another aspect of market development is a specific effort to increase the demand for U. S. cotton.

Primary emphasis is placed upon maintaining and expanding dollar sales of U. S. cotton through private trade channels and foreign contacts. In foreign visits, specialists emphasize the distinctive attributes of U. S. cotton, interpret U. S. cotton aid programs to foreign governments and cotton industry groups, work on technical problems, investigate competitive elements in the demand for U. S. cotton, check on quality complaints, and report on local practices which may have a bearing on the market for United States cotton. They talk with foreign buyers, technicians, and administrators on many subjects. Among these are types and qualities of U. S. cotton; new, improved varieties; classing and fiber testing methods; and the latest developments in fiber and textile technology and in marketing and utilization research. The information gained by these trips is passed along to the U. S. cotton trade and others by written reports and visits by the specialists to various trade centers in the United States.

During calendar year 1961, Cotton Division personnel visited the United Kingdom, Canada, Norway, France, Republic of South Africa, Federation of Rhodesia and Nyasaland, Kenya, Ethiopia, Sudan, Egypt, Pakistan, India, Ceylon, Thailand, Burma, Singapore, Indonesia, South Vietnam, Hong Kong, China (Taiwan), the Philippines, Australia, and Japan. Valuable information was obtained on the prospects for increasing U. S. cotton sales to these countries. Visits to other important outlets for U. S. cotton are planned beginning early in 1962.

Shortcomings of the U. S. cotton bale package are frequently pointed out as a reason for economic losses and as a retardant to export sales of U. S. cotton. A cooperative summary report published in 1960 by FAS and its sister agency, the Economic Research Service, was followed with a supplement in 1961, covering information gathered in important foreign markets. These reports offer recommendations on how the competitive position of U.S. cotton in world markets might be improved by better bale packaging and preservation of quality. Using these findings, coupled with similar studies in the domestic market, the National Cotton Council and others are working with the U. S. raw cotton industry to improve packaging of cotton. The USDA, in cooperation with the Plains Cotton Growers, Inc., is also conducting a study and evaluation of a new all-cotton bagging being used experimentally this season in the Plains area of Texas.

Programs for Assisting Exports

The United States has several special cotton export programs designed to overcome the difficulties of eligible foreign countries in financing imports, assist in the economic growth of eligible friendly nations, and help maintain and expand foreign markets for U. S. cotton.

TABLE 2.--U. S. cotton exports under designated programs, exports for dollars, and total exports, 1955-61

Year ending June 30	P. L. 480		Mutual Security Program ^{1/}	Barter	Dollar Exports		Total exports
	Title I	Title II			Export-Import Bank loans	Total <u>2/</u>	
	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>
1955.....	58	5	1,085	2	307	2,466	3,616
1956.....	465	22	625	51	334	976	2,139
1957.....	1,377	1	857	970	^{3/} 421	4,110	7,315
1958.....	864	26	662	465	727	3,649	5,666
1959.....	639	7	729	376	333	1,378	3,129
1960.....	704	10	407	112	297	5,403	6,636
1961.....	1,283	20	410	104	330	5,186	7,003

^{1/} Bales estimated from records maintained on a value basis by crop years by Cotton Branch, International Cooperation Administration.

^{2/} Includes Export-Import Bank loans, cash dollar sales, and adjustments for differences in reporting data.

^{3/} Includes 3,000 bales exported under CCC credit program; no exports under that program; in other years shown.

Exports under these assistance programs are a part of, and not in addition to, exports under the competitive pricing program discussed in an earlier part of this report.

The most important of these special programs from the standpoint of volume is the sale of U. S. cotton for foreign currencies under Title I of P. L. 480. In the past 7 years, sales for export under this program have ranged from a high of 22 percent of total exports in 1955-56 to a low of 11 percent in 1959-60, and have averaged 15 percent of the total during this period. Programing for 1961-62 during the first 6 months of the marketing year indicates that Title I shipments will represent about 20 percent of total cotton exports.

The Mutual Security Program has accounted for substantial exports of cotton, averaging about 680,000 bales during each of the past 7 years. However, it is not now anticipated that cotton will be included in this program in the future. The only Mutual Security cotton exports expected in 1961-62 are approximately 40,000 bales from authorizations of the prior year.

Surplus cotton can be donated to friendly foreign nations to meet flood, famine, and other urgent or extraordinary relief needs under provisions of Title II of P. L. 480. Since food is usually the primary need in disaster areas, donations of cotton have been relatively small. The relief shipments have averaged about 13,000 bales annually over the past 7 fiscal years. Donations for export may also be made under Title III, P. L. 480, to relief organizations for distribution abroad to needy people, but no cotton has been donated under this proviso.

Barter is yet another method by which U. S. cotton is marketed abroad. The volume of U. S. cotton exported under barter arrangements reached a total of 970,000 bales in 1956-57, or 13 percent of total cotton exports. Exports under barter have declined in the last 4 years and were only 104,000 bales, or 1.5 percent of the total, in 1960-61.

Both short-term and long-term credit programs, payable in dollars, are available to foreign purchasers of U. S. cotton. The Export-Import Bank of Washington extends credit for periods of from 6 months to 1 year; longer terms may be authorized when warranted by special circumstances. Credits are extended to commercial banks abroad, or to the foreign importer, where a guarantee of payment signed by his bank is offered.

The CCC credit program enables U.S. exporters to purchase commodities in CCC inventory with payment deferred up to 3 years. The credit is extended to the U. S. exporter, who in turn extends credit to the foreign importer.

Title IV of P. L. 480 authorizes the President to enter into agreements with friendly nations for the sale of surplus agricultural commodities with payment in dollars (plus interest) extending over a period not to exceed 20 years. This program is expected to account for a limited quantity of cotton in 1961-62.

Export-Import Bank credits accounted for about 8.9 percent of exports during the past 7 fiscal years. Japan and Austria have received most of the credits extended for cotton exports.

Exports under the CCC Credit Program have been limited to 3,000 bales in 1956-57, but indications are that further sales under a somewhat liberalized program will be made in 1961-62.

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